

Form **843**  
(Rev. November 2005)  
Department of the Treasury  
Internal Revenue Service

# Claim for Refund and Request for Abatement

OMB No. 1545-0024

► See separate instructions.

Use Form 843 only if your claim involves (a) one of the taxes shown on line 3a or (b) a refund or abatement of interest, penalties, or additions to tax on line 4a.

Do not use Form 843 if your claim is for—

- An overpayment of income taxes;
- A refund for nontaxable use (or sales) of fuel; or
- An overpayment of excise taxes reported on Form(s) 11-C, 720, 730, or 2290.

Type or print	Name of claimant <b>David E Watson PC</b>	Your SSN or ITIN :
	Address (number, street, and room or suite no.) <b>801 57th Pl</b>	Spouse's SSN or ITIN :
	City or town, state, and ZIP code <b>West Des Moines, IA 50266</b>	Employer identification number (EIN) <b>42 : 1462850</b>
	Name and address shown on return if different from above	Daytime telephone number ( )
<b>1</b> Period. Prepare a separate Form 843 for each tax period From <b>10 / 01 / 2002</b> to <b>12 / 31 / 2002</b>		<b>2</b> Amount to be refunded or abated \$ <b>4,063.93</b>

**3a** Type of tax, penalty, or addition to tax:

- ☒ Employment ☐ Estate ☐ Gift ☐ Excise (see instructions)  
☐ Penalty—IRC section ►

**b** Type of return filed (see instructions):

- ☐ 706 ☐ 709 ☐ 940 ☒ 941 ☐ 943 ☐ 945 ☐ 990-PF ☐ 4720 ☐ Other (specify)

**4a** Request for abatement or refund of:

- ☐ Interest as a result of IRS errors or delays.  
☐ A penalty or addition to tax as a result of erroneous advice from the IRS.

**b** Dates of payment ► **April 11, 2007**

**5 Explanation and additional claims.** Explain why you believe this claim should be allowed, and show the computation of your tax refund or abatement of interest, penalty, or addition to tax. If you need more space, attach additional sheets.

During 2002, the taxpayer employed David E. Watson, and paid him wages of \$17,328.00. In addition, the taxpayer made dividend distributions to David E. Watson, its employee. The IRS determined that \$134,730.05 of those dividend distributions should be treated as wages, and apparently determined that \$13,079.05 of that amount was earned in the 4th quarter of 2002. The IRS then assessed the taxpayer for Social Security and Medicare taxes on that additional amount, together with penalties and interest.

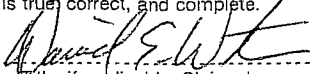
The IRS does not have the authority or power to reclassify dividend distributions as wages where, as here, wages were in fact paid to David E. Watson.

Assuming that the IRS does have the authority and power to reclassify such distributions, the IRS erred in determining the amount of "wages" earned by Mr. Watson in 2002, and overstated the amount of wages upon which its tax computation was based.

The IRS erred in assessing penalties against the taxpayer relating to the adjustments described above.

**Signature.** If you are filing Form 843 to request a refund or abatement relating to a joint return, both you and your spouse must sign the claim. Claims filed by corporations must be signed by a corporate officer authorized to sign, and the signature must be accompanied by the officer's title.

Under penalties of perjury, I declare that I have examined this claim, including accompanying schedules and statements, and, to the best of my knowledge and belief, it is true, correct, and complete.

 President  
 Signature (Title, if applicable. Claims by corporations must be signed by an officer.)

**6-22-07**  
 Date

Signature

Date